

Decision 15-12-018 December 3, 2015

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
PacifiCorp (U901E), an Oregon Company,
for an Order Authorizing a General Rate
Increase Effective January 1, 2011.

Application 09-11-015
(Filed November 20, 2009)

**DECISION GRANTING PETITION TO MODIFY DECISION 14-06-018
AND WAIVER OF THREE-YEAR FILING REQUIREMENT
IN DECISION 07-07-004**

Summary

This decision grants PacifiCorp's Petition to Modify Decision (D.) 14-06-018 in Application 09-11-015, as discussed herein. In particular, we authorize PacifiCorp to: 1) make a Post-Test Year Adjustment Mechanism (PTAM) Attrition Factor filing effective January 1, 2017; 2) forgo filing a General Rate Case (GRC) application for Test Years 2016 and 2017 (as required by D.07-07-004); 3) file its next GRC application for Test Year 2018; and 4) implement any rate change related to the PTAM by applying the overall PTAM percentage change as a uniform percentage change to all rate elements that were adjusted in PacifiCorp's 2009 GRC, excluding Schedules S-99, S-100, S-190, S-191, S-192, S-199, ECAC-94, GHG-92, and GHG-93.

This proceeding is closed.

1. Background

By Decision (D.) 10-09-010, the Commission approved a settlement between PacifiCorp, the Office of Ratepayer Advocates (ORA),¹ and the California Farm Bureau Federation (CFBF) regarding PacifiCorp's Test Year 2011 general rate case (GRC) request in Application (A.) 09-11-015. Pursuant to D.10-09-010, PacifiCorp was required to file a Post-Test Year Adjustment Mechanism (PTAM) Attrition Factor filing by January 1, 2013. Pursuant to D.07-07-004, PacifiCorp is required to file a GRC application on a three-year cycle.

By D.12-10-006, the Commission granted PacifiCorp's petition for modification of D.10-09-010, which allowed PacifiCorp to make a PTAM Attrition Factor filing by January 2014 and forgo filing a GRC for Test Year 2014.

By D.13-07-026, the Commission granted PacifiCorp's petition for modification of D.12-10-006, which allowed PacifiCorp to make a PTAM Attrition Factor filing by January 2015 and forego filing a GRC for Test Year 2015.

By D.14-06-018, the Commission granted PacifiCorp's petition for modification of D.13-07-026, which allowed PacifiCorp to make a PTAM Attrition Factor filing by January 2016 and forgo filing a GRC for Test Year's 2015 and 2016.

On August 25, 2015, PacifiCorp filed a petition to modify D.14-06-018 (Petition), in which it requested that the Commission authorize it to: 1) make a PTAM Attrition Factor filing effective January 1, 2017 (an extension of one year

¹ Subsequent to the issuance of D.13-07-026, the Division of Ratepayer Advocates changed its name to the Office of Ratepayer Advocates. We therefore use the title Office of Ratepayer Advocates or ORA, throughout this decision.

beyond what is authorized in D.14-06-018); 2) forgo filing a GRC application for Test Years 2016 and 2017; and 3) file its next GRC application for Test Year 2018. PacifiCorp's Petition also includes an *Agreement Regarding PacifiCorp's Post-Test Year Mechanism and General Rate Case Cycle* (Agreement) with ORA and CFBF, in which all three active parties agree to PacifiCorp's request for the extension of the PTAM Attrition Factor and delay of one year in filing its next GRC. We authorized a similar uncontested request by PacifiCorp in D.14-06-018.

On September 22, 2015, the Sierra Club filed a response to PacifiCorp's Petition. On October 5, 2015, PacifiCorp and ORA filed a joint reply to the Sierra Club's Response.

2. Procedural Requirements Under Rule 16.4

Rule 16.4 of the Commission's Rules of Practice and Procedure² governs the process for the filing and consideration of petitions for modification. Rule 16.4(b) requires that a petition for modification concisely state the justification for the proposed relief and propose specific wording for all requested modifications, and that such petition be filed within one year of the effective date of the decision.

PacifiCorp states that it did not file the instant Petition sooner, because it did not determine until July 2015 that it could forgo filing its upcoming GRC if the PTAM Attrition Factor was extended. PacifiCorp then had discussions with ORA and CFBF, which resulted in a signed Agreement. We find PacifiCorp's reason for filing the Petition after more than one year reasonable.

² All future references to Rules throughout this decision refer to the Commission's Rules of Practice and Procedure.

PacifiCorp's Petition contained a concise but thorough statement of justification for the proposed modifications.

Hence, we conclude that PacifiCorp's Petition complies with the requirements of Rule 16.4 regarding its requested modifications to D.14-06-018.

3. Requested Relief

PacifiCorp requests that D.14-06-018 be modified so that PacifiCorp:

- 1) may file for a PTAM Attrition Factor effective January 1, 2017 based on the September 2016 Global Insight "U.S. Economic Outlook" forecast of the Consumer Price Index for 2017 with an offsetting productivity factor of 0.5%, or zero, whichever is greater; 2) not be required to file a GRC application for Test Years 2016 and 2017; 3) file its next GRC application for Test Year 2018, pursuant to D.07-07-004; and 4) implement any rate change related to the PTAM by applying the overall PTAM percentage change as a uniform percentage change to all rate elements that were adjusted in PacifiCorp's 2009 GRC, excluding Schedules S-99, S-100, S-190, S-191, S-192, S-199, Energy Cost Adjustment Clause (ECAC-94), GHG-92, and GHG-93.

In its Petition, PacifiCorp included an agreement between itself, ORA, and CFBF, in which all parties agreed to PacifiCorp's current request. All modifications and revisions to D.14-06-018 throughout this decision are **bold and underlined** or ~~striken~~. In particular, PacifiCorp requests modification to D.14-06-018 as follows:

Revisions to Ordering Paragraphs (OPs) 2.a. and 2.b.:

PacifiCorp may file for a PTAM Attrition Factor effective January 1, 2017³ based on the September 2016⁴ Global

³ Changed from 2016 to 2017.

Insight “U.S. Economic Outlook” forecast of the Consumer Price Index for 2017⁵ with an offsetting productivity factor of 0.5%, or zero, whichever is greater. PacifiCorp will file for this PTAM Attrition Factor no later than October 15, 2016,⁶ by a Tier 2 Advice Letter. This January 1, 2017⁷ PTAM Attrition Factor filing will be made in addition to the PTAM Attrition Factor filing to be effective January 1, 2016,⁸ previously approved by D.14-06-018.⁹

We grant PacifiCorp a waiver from Decision 07-07-004, which allows PacifiCorp to forgo filing a GRC application for test years 2016 and 2017,¹⁰ and file its next GRC application for test year 2018.¹¹

New OP 2.c.:

Any rate change related to the PTAM Attrition Factor shall be implemented by applying the overall PTAM percentage change as a uniform percentage change to all rate elements that were adjusted in PacifiCorp’s 2009 GRC, excluding Schedules S-99, S-100, S-190, S-191, S-192, S-199, ECAC-94, GHG-92, and GHG-93.

PacifiCorp states that because of the deferral of the GRC, ratepayers will continue to be charged low and stable rates.

PacifiCorp also requests that the authority granted in D.14-06-018, OP 2.a., to file for a PTAM Attrition Factor effective January 1, 2016, remain in effect.

⁴ Changed from 2015 to 2016.

⁵ Changed from 2016 to 2017.

⁶ Changed from October 1, 2015 to October 15, 2016.

⁷ Changed from 2016 to 2017.

⁸ Changed from 2015 to 2016.

⁹ Changed from D.13-07-026 to D.14-06-018

¹⁰ Changed from 2015 and 2016 to 2016 and 2017.

¹¹ Changed from 2017 to 2018.

4. Sierra Club Response

On September 22, 2015, the Sierra Club filed a response opposing PacifiCorp's petition, and requesting party status. On October 5, 2015, PacifiCorp and ORA filed a joint reply to Sierra Club's response,¹² positing that Sierra Club's arguments were based on faulty analysis and inaccurate information, and that PacifiCorp's petition should be granted.

In particular, Sierra Club argues that since 2011, PacifiCorp has received approval for \$1.9 billion of major capital additions and \$14.85 million in ECAC and other PTAM filings, none of which was reviewed in a general rate case; and provided plans to spend \$4.2 billion on coal operations between 2005 and 2023 to the Wyoming Department of Environmental Quality.

In their joint reply, PacifiCorp and ORA counter that: 1) PacifiCorp has no plans to spend \$4.2 billion on coal plants, and actually plans on reducing its coal generation by 40% by 2030 and 50% by 2034; 2) the ECAC, PTAM capital additions filing and PTAM Attrition Factor filing, are distinct from each other and the GRC; 3) through the application and advice letter process through which the ECAC (application) and PTAMs (PTAM capital additions advice letter and PTAM Attrition Factor advice letter) are processed, parties have an opportunity to review, assess, and protest these requests; therefore another review in a GRC is not required; 4) since 2011, the material portion of the 15% increase in PacifiCorp's California customers rates consisted of greenhouse gas (GHG) cap-and-trade program, public purpose charges, ECAC, and energy efficiency (EE) programs, not the PTAM capital addition and PTAM Attrition Factor

¹² The joint reply was filed pursuant to an email ruling by Assistant Chief Judge Dorothy Duda.

requests, which consisted of 7.3% since 2011; 5) the revenue requirement figure of \$1.9 billion is a PacifiCorp company-wide figure – just \$4.8 million, or approximately \$1/month/customer, is allocated to PacifiCorp's California customers; and 6) given the number of large and small energy utility GRCs currently scheduled, the addition of another GRC would put an unreasonable burden on Commission staff.

We grant Sierra Club's request for party status in A.09-11-015 in order to consider its concerns regarding PacifiCorp's petition. For the following reasons, we rule that Sierra Club's concerns are not relevant to the assessment of PacifiCorp's petition, and PacifiCorp's petition is granted:

1. PacifiCorp's ECACs are filed as applications and its PTAMs are filed as advice letters, so parties have an opportunity to review and protest these requests within the advice letter process. Therefore, no further review in a GRC is required;
2. While the total additions to PacifiCorp's rate base since 2011 are approximately \$1.9 billion, the contribution to California customers annual revenue requirement is only \$4.8 million. Therefore, the rate impact is much lower than posited by Sierra Club;
3. Most of the 15% increase in PacifiCorp's California rates since 2011 resulted from a number of items besides its PTAM capital addition and PTAM Attrition Factor requests (7.3%), such as the GHG cap-and-trade program, public purpose charges, ECAC, and EE programs. The PTAM requests are therefore not as material as posited by Sierra Club; and
4. The majority of information presented by Sierra Club in regards to coal plants referred to PacifiCorp's operations in other states. Also, PacifiCorp plans on reducing its generation through coal over the next 15-20 years.

If Sierra Club wishes to raise concerns regarding ECAC and PTAM requests, it should do so in the individual affiliations and advice letter filings, not in the current request.

5. Conclusion

PacifiCorp's current request is similar to the one granted by the Commission in D.14-06-018. If this Petition is granted, PacifiCorp's rates will remain low and relatively stable.

As discussed above, we find that Sierra Club's concerns are not relevant to the assessment of PacifiCorp's petition.

Therefore, the Commission authorizes the two requested modifications to D.14-06-018, proposed by PacifiCorp in its Petition.¹³ The Commission also authorizes the retention of the original version of OP 2.a. of D.14-06-018, in order to preserve the authorization granted to PacifiCorp to make a PTAM Attrition Factor filing to be effective January 1, 2016. This OP shall be identified as OP 5 of D.14-06-018 (this request is granted in OP 3.a. herein).¹⁴

6. Comments on Proposed Decision

The proposed decision of the ALJ in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on November 18, 2015 by PacifiCorp and the Sierra Club; and reply comments were filed on November 23, 2015 by PacifiCorp.

¹³ In order to remain consistent with the numbering of OPs in D.13-07-026, we note that the OPs identified by PacifiCorp in its request as a new OP and OP 3 are actually OPs 2.a. and 2.b. of D.13-07-026.

¹⁴ In order to remain consistent with the numbering of OPs in D.13-07-026, we note that the OP by which PacifiCorp was granted authority to file for a 2015 PTAM Attrition Factor is OP 2.a. of D.13-07-026.

7. Assignment of Proceeding

Michael R. Picker is the assigned Commissioner and Seaneen M. Wilson is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. In D.10-09-010, the Commission approved a settlement between PacifiCorp, ORA, and the CFBF regarding PacifiCorp's GRC request in A.09-11-015.
2. Pursuant to D.10-09-010, PacifiCorp was required to file a PTAM Attrition Factor by January 1, 2013.
3. Pursuant to D.07-07-004, PacifiCorp is required to file a GRC application on a three year cycle.
4. By D.12-10-006, the Commission granted PacifiCorp's petition for modification of D.10-09-010, which allowed PacifiCorp to make a PTAM Attrition Factor filing by January 2014 and forgo filing a GRC for Test Year 2014.
5. By D.13-07-026, the Commission granted PacifiCorp's petition for modification of D.12-10-006, which allowed PacifiCorp to make a PTAM Attrition Factor filing by January 2015 and forego filing a GRC for Test Year 2015.
6. By D.14-06-018, the Commission granted PacifiCorp's petition for modification of D.13-07-026, which allowed PacifiCorp to make a PTAM Attrition Factor filing by January 2016 and forgo filing a GRC for Test Year 2015 and 2016.
7. On August 25, 2015, PacifiCorp filed a petition to modify D.14-06-018, in which it requested that the Commission authorize it to: 1) make a PTAM Attrition Factor filing effective January 1, 2017; and 2) forgo filing a GRC application for Test Years 2016 and 2017.
8. We authorized a similar request by PacifiCorp in D.14-06-018.

9. PacifiCorp, ORA, and CBBF entered into an agreement in which all three active parties agreed to PacifiCorp's request to file for a PTAM Attrition Factor effective January 1, 2017; and agreed PacifiCorp may forgo its GRC application for Test Years 2016 and 2017, and file its next GRC application for Test Year 2018.

10. On September 22, 2015, the Sierra Club filed a response to PacifiCorp's Petition.

11. On October 5, 2015, PacifiCorp and ORA filed a joint reply to the Sierra Club's Response.

12. Sierra Club's concerns are not relevant to the assessment of PacifiCorp's petition.

13. Rule 16.4(b) requires that a petition for modification concisely state the justification for the proposed relief and propose specific wording for all requested modifications.

Conclusions of Law

1. PacifiCorp's ECACs filed as applications and its PTAMs are filed as advice letters, so parties have an opportunity to review and protest these requests within the advice letter process.
2. While the total additions to PacifiCorp's rate base since 2011 are approximately \$1.9 billion, the contribution to California customers annual revenue requirement is only \$4.8 million.
3. Most of the 15% increase in PacifiCorp's California rates since 2011 resulted from a number of items besides its PTAM capital addition and PTAM Attrition Factor requests (7.3%), such as the GHG cap-and-trade program, public purpose charges, ECAC, and EE programs. The PTAM requests are therefore not as material as posited by Sierra Club.

4. If Sierra Club wishes to raise concerns regarding ECAC and PTAM requests, it should do so in the individual affiliations and advice letter filings, not in the current request.
5. PacifiCorp's Petition should be granted, as detailed herein.
6. PacifiCorp should be granted a waiver from D.07-07-004, in order to forgo filing a GRC application for Test Years 2016 and 2017, and file its next GRC application for Test Year 2018.
7. PacifiCorp's request to file for a PTAM Attrition Factor effective January 1, 2017 based on the September 2016 Global Insight "U.S. Economic Outlook" forecast of the Consumer Price Index for 2017 with an off-setting productivity factor of 0.5%, or zero, whichever is greater, should be granted.
8. PacifiCorp's petition for modification satisfies the requirements of Rule 16.4 regarding the proposed modifications to D.14-06-018 and its requested waiver from D.07-07-004.
9. PacifiCorp's proposed modifications to OPs 2.a. and 2.b. of D.14-06-018 and addition of OP 2.c. should be adopted as follows:
 - a. OP 2.a.: PacifiCorp may file for a Post Test Year Adjustment Mechanism (PTAM) Attrition Factor effective January 1, 2017 based on the September 2016 Global Insight "U.S. Economic Outlook" forecast of the Consumer Price Index for 2017 with an offsetting productivity factor of 0.5%, or zero, whichever is greater. PacifiCorp will file for this PTAM Attrition Factor no later than October 15, 2016, by a Tier 2 Advice Letter. This January 1, 2017 PTAM Attrition Factor filing will be made in addition to the PTAM Attrition Factor filing to be effective January 1, 2016, previously approved in D.14-06-018.

- b. OP 2.b.: We grant PacifiCorp a waiver from D.07-07-004, which allows PacifiCorp to forgo filing a GRC application for test years **2016 and 2017**, and file its next GRC application for test year 2018.
 - c. **Any rate change related to the PTAM Attrition Factor shall be implemented by applying the overall PTAM percentage change as a uniform percentage change to all rate elements that were adjusted in PacifiCorp's 2009 GRC, excluding Schedules S-99, S-100, S-190, S-191, S-192, S-199, ECAC-94, GHG-92, and GHG-93.**
10. The original version of OP 2.a. of D.14-06-018 should be retained in order to preserve the authorization granted to PacifiCorp to make a PTAM Attrition Factor filing to be effective January 1, 2016. The following OP should be identified as OP 5 of D.14-06-018.
- a. New OP 5: PacifiCorp may file for a Post Test Year Adjustment Mechanism Attrition Factor effective January 1, 2016 based on the September 2015 Global Insight "U.S. Economic Outlook" forecast of the Consumer Price Index for 2016 with an off-setting productivity factor of 0.5%, or zero, whichever is greater.
11. This order should be effective immediately.

O R D E R

IT IS ORDERED that:

1. PacifiCorp's Petition to Modify Decision 14-06-018 is granted as set forth in the Ordering Paragraphs below.
2. Ordering Paragraphs (OPs) of Decision 14-06-018 are modified as follows and new OP 2.c. is added(modifications are **bold and underlined**):
 - a. OP 2.a.: PacifiCorp may file for a Post Test Year Adjustment Mechanism (PTAM) Attrition Factor effective January 1, 2017 based on the September 2016 Global Insight "U.S. Economic Outlook" forecast of the

CPI for 2017 with an off-setting productivity factor of 0.5%, or zero, whichever is greater. PacifiCorp will file for this PTAM Attrition Factor no later than October 15, 2016, by a Tier 2 Advice Letter. This January 1, 2017 PTAM Attrition Factor filing will be made in addition to the PTAM Attrition Factor filing to be effective January 1, 2016, previously approved by D.14-06-018.

- b. OP 2.b.: We grant PacifiCorp a waiver from Decision 07-07-004, which allows PacifiCorp to forgo filing a General Rate Case (GRC) application for Test Years 2016 and 2017, and file its next GRC application for Test Year 2018.
- c. New OP 2.c.: Any rate change related to the PTAM Attrition Factor shall be implemented by applying the overall PTAM percentage change as a uniform percentage change to all rate elements that were adjusted in PacifiCorp's 2009 GRC, excluding Schedules S-99, S-100, S-190, S-191, S-192, S-199, ECAC-94, GHG-92, and GHG-93.

3. The original version of Ordering Paragraph (OP) 2.a. of Decision (D.) 14-06-018 shall be retained in order to preserve the authorization granted to PacifiCorp to make a Post Test Year Adjustment Mechanism Attrition Factor (PTAM) filing to be effective January 1, 2016. This OP shall be identified as OP 5 of D.14-06-018.

- a. New OP 6 (formerly OP 2.a.) of D.14-06-018: PacifiCorp may file for a PTAM effective January 1, 2016 based on the September 2015 Global Insight "U.S. Economic Outlook" forecast of the Consumer Price Index for 2016 with an off-setting productivity factor of 0.5%, or zero, whichever is greater. PacifiCorp will file for this PTAM Attrition Factor no later than October 1, 2015, by a Tier 2 Advice Letter. This January 1, 2016 PTAM Attrition Factor filing will be made in addition to the PTAM Attrition Factor filing to be effective January 1, 2015, previously approved by D.13-07-018.

4. Application 09-11-015 is closed.

This order is effective today.

Dated December 3, 2015, at San Francisco, California.

MICHAEL PICKER

President

MICHEL PETER FLORIO

CATHERINE J.K. SANDOVAL

CARLA J. PETERMAN

LIANE M. RANDOLPH

Commissioners